

Several weeks ago, Milestone Construction Services, Inc., the general contractor for the Olney Library Addition and Renovation project, informed Montgomery County it is ceasing operations at the end of 2013. The Library project is about 66% complete and the pace of the work had slowed markedly over the last several weeks.

Milestone's notice follows pressure from the County's Department of General Services (DGS) staff regarding Milestone's declining performance and complaints from subcontractors about non-payment. DGS staff met with Milestone and its bonding company on July 2, 2013 to discuss the advisability of calling the performance bond on the construction contract. A performance bond for the full contract amount is required on all County contracts for construction to ensure that in the event of the contractor's default all work is completed at no additional cost to the County. A contractor may be considered in default for any material breach, such as not aggressively performing the work. When the performance bond is called the bonding company becomes responsible for completing the work. In such cases, delay in completing the project is likely as the bonding company may decide to assign the work to other contractors. This can result in a period of several months when no work occurs on the project. Presently, the County is not pursuing calling the bond on the project but has opted to participate with the surety in assisting the general contractor in moving forward towards obtaining a completion of the project as soon as possible. The bonding company has agreed to this approach. The bonding company has also met with the subcontractors on the project to assure them of payment and has also acquired the services of a management company to oversee the project.

Milestone has prepared and submitted an aggressive project schedule to reflect re-engagement and acceleration of the work and this approach is working well. These measures will ensure continuation of the work and avoid a potential shutdown that could occur if the bond is called. DGS meets with Milestone and the surety on a weekly scheduled basis to assess the effectiveness of this approach and to help alleviate any potential setbacks or issues that could jeopardize the continued progress of the project. County and Milestone has establish goal of achieving Substantial Completion of the project by Mid October 2013.